

Exhibit 3

The Sullivan Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
CORE SCIENTIFIC, INC., et al.,	§	Case No. 22-90341 (DRJ)
	§	
	§	(Jointly Administered)
Debtors.¹	§	
	§	
	§	

**DECLARATION OF ADAM SULLIVAN IN SUPPORT OF
DEBTORS' EMERGENCY MOTION FOR ORDER APPROVING (I)
GLOBAL SETTLEMENT BETWEEN DEBTORS AND CELSIUS, (II) SALE
OF CEDARVALE FACILITY AND RELATED ASSETS, (III) ENTRY INTO
AMENDED TNMP CONTRACT AND ASSUMPTION AND ASSIGNMENT
OF TRANSFERRED CONTRACTS AND (IV) GRANTING RELATED RELIEF**

I, Adam Sullivan, pursuant to section 1746 of title 28 of the United States Code, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information, and belief:

1. I am the President and the Chief Executive Officer at Core Scientific Operating Company f/k/a Core Scientific, Inc. (“**Core**”, and together with its above-captioned debtor affiliates, the “**Debtors**”). I have served as the President since May 15, 2023 and the interim Chief Executive Officer since July 21, 2023. Before that, starting in September 2017, I held various roles at XMS Capital Partners, most recently the Managing Director and the Head of Digital Assets and Infrastructure Group, where I oversaw over \$5 billion of transactions, including

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Core Scientific Mining LLC (6971); Core Scientific, Inc. (3837); Core Scientific Acquired Mining LLC (6074); Core Scientific Operating Company (5526); Radar Relay, Inc. (0496); Core Scientific Specialty Mining (Oklahoma) LLC (4327); American Property Acquisition, LLC (0825); Starboard Capital LLC (6677); RADAR LLC (5106); American Property Acquisitions I, LLC (9717); and American Property Acquisitions, VII, LLC (3198). The Debtors’ corporate headquarters and service address is 210 Barton Springs Road, Suite 300, Austin, Texas 78704.

representing Power and Digital Infrastructure Acquisition Corporation in its acquisition of Core Scientific Holding Company in 2021. I hold a Bachelor's of Arts from the University of Rochester.

2. I make this declaration in support of the *Debtors' Emergency Motion for Order Approving (I) Global Settlement Between Debtors and Celsius, (II) Sale of Cedarvale Facility and Related Assets, (III) Entry into Amended TNMP Contract and Assumption and Assignment of the Transferred Contracts and (IV) Granting Related Relief* (the "**Motion**").² Except as otherwise indicated herein, all facts and personal opinion set forth in this declaration (the "**Declaration**") are based on my experience and personal knowledge of the Debtors, their operations and finances, and information learned during the course of my employment. I have also reviewed relevant documents and have received information from conversations with the Debtors' management team, the Debtors' advisors, or employees of the Debtors working directly with me or under my supervision, direction, or control. If called upon to testify, I could and would competently testify to the facts and personal opinions set forth in this Declaration on that basis.

3. I am familiar with Celsius Mining LLC and certain of its affiliates (collectively, "**Celsius**"), the disputes and litigation between the Debtors and Celsius, and the contemplated settlement between the Debtors and Celsius (the "**Celsius Settlement**"), including (i) that certain Purchase and Sale Agreement, dated as September 14, 2023 (the "**PSA**"), (ii) the Purchased Assets (as defined in the PSA), and (iii) the Licensed Materials (as defined in the PSA). I believe that the Celsius Settlement, including the sale of the Purchased Assets thereunder, is in the Debtors' best interest.

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion.

I. The Celsius Settlement Is Fair, Reasonable, and in the Best Interest of the Debtors' Estates

7. It is my belief that the Celsius Settlement is fair and reasonable and supports finding that the Debtors' entry into and performance under the Celsius Settlement is in the best interest of creditors and other stakeholders.

8. First, it is my understanding that the likelihood of success of litigating against Celsius all the issues and disputes underlying the Automatic Stay Motion, the Core Administrative Claim Motion, the Rejection Motion, the Core POCs, the Celsius Hosting POCs, the Celsius Administrative Claim Motion, and the Summary Judgment Briefing is uncertain. Celsius has asserted substantial claims against the Debtors' estates, including approximately \$112 million in prepetition claims, \$1.5 million in postposition claims, \$194 million in rejection damages, and \$4.7 million in postpetition administrative expense claims, plus any unspecified and unliquidated amounts. Although the Debtors believe they have strong arguments that could substantially reduce the amount of Celsius's claims against the Debtors' estates, there is litigation risk of losing on certain of these claims if the Court finds that certain damages limitations provisions did not apply to Celsius's various claims. The Debtors' ability to prevail on their claims against Celsius in the Celsius Chapter 11 Cases is also uncertain. In addition, if a resolution were not reached, the parties would need to litigate the competing claims in both chapter 11 cases to judgment that involve complex factual and legal issues. This would entail significant discovery, additional briefing, and preparation for trial or other evidentiary hearings, and would take several months to complete, if not more. I believe it could cost the Debtors' estates between approximately \$4-6 million in litigation expenses if these issues were fully litigated to judgment. Even if the Debtors' claims against Celsius were successfully litigated and resulted in allowed claims in the Celsius Chapter 11 Cases, the Debtors' recovery on account of such claims remains uncertain and depends on the ultimate outcome of the Celsius Chapter 11 Cases.

9. On the other hand, the Celsius Settlement provides the Debtors with (i) \$14 million in cash and (ii) the full and final satisfaction and release of claims of all of Celsius's claims against the Debtors (except for the Excluded Claims), including approximately \$112 million in prepetition claims, \$1.5 million in postposition claims, \$194 million in rejection damages, and \$4.7 million in postpetition administrative expense claims, plus any unspecified and unliquidated amounts. I believe that the value the Debtors will receive under the Celsius Settlement in exchange for the Purchased Assets and the grant of the License to use the Licensed Materials pursuant to the Celsius Settlement significantly exceeds the value it would otherwise realize if the Cedarvale Facility was sold to a third party, as evidenced by the Debtors' previous efforts to sell the Cedarvale Facility earlier on in these chapter 11 cases. Having assessed and weighed the likelihood of prevailing on various Core POCs and the Released Claims and the significant litigation costs that would be incurred thereunder, compared to the certainty of outcome, the ability to sell the Purchased Assets at a fair market value, and the \$14 million of immediate liquidity the Debtors will receive following approval of the Celsius Settlement, I believe the Celsius Settlement provides significant benefits and is in the best interest of the Debtors and their estates.

II. The Celsius Settlement Has Been Proposed in Good Faith and Without Collusion, and Celsius Will Be a "Good Faith Buyer"

10. The Celsius Settlement is the product of extensive good-faith, arm's-length bargaining between the Debtors and Celsius, each of which were represented by counsel. The Debtors and Celsius have already expended a significant amount of time and money litigating disputes in each other's bankruptcy cases. Starting in June 2023, the Debtors and Celsius, with the assistance of their perspective advisors, have exchanged numerous mark ups of the term sheet and later the PSA for the Celsius Settlement. During the meantime, the Debtors have also arranged site visits to the Cedarvale Facility and have cooperated with Celsius for their diligence requests.

The Celsius Settlement was not the product of fraud or collusion. For the same reason, I believe Celsius is a “good faith buyer” for the Purchased Assets under the Celsius Settlement.

III. The Celsius Settlement Is A Sound Exercises of Debtors’ Business Judgment

11. The Debtors have a sound business justification for selling the Purchased Assets pursuant to the Celsius Settlement. First, the Debtors determined that the Cedarvale Facility would not be part of their go-forward business plan before the Debtors’ chapter 11 filing and have run a series of fair marketing process for the Purchased Assets (the “**Previous Marketing Process**”). Evidenced by the indication of interests that the Debtors received for the Cedarvale Facility under the Previous Marketing Process, I believe that the consideration realized from the sale of the Purchased Assets pursuant to the Celsius Settlement will provide a greater recovery for the Debtors’ estates than would otherwise be available under any other alternative transaction. The sale of the Purchased Assets and the grant of the License to use the Licensed Materials to Celsius are also integral parts of the Celsius Settlement, which allows the Debtors to avoid significant litigation costs, benefit from the certainty of outcome, and receive \$14 million of incremental liquidity. Similarly, the entry into the Amended TNMP Contract and the assumption and assignment of the Transferred Contracts to Celsius are integral parts of the sale of Purchased Assets to Celsius and the Celsius Settlement, and therefore constitute a sound business justification of the Debtors.

12. For the foregoing reasons, I believe that the Court should (i) approve the Celsius Settlement, (ii) authorize the Debtors to sell the Purchased Assets and grant the License to use the Licensed Materials to Celsius “free and clear,” and, and (iii) authorize the Debtors to enter into the Amended TNMP Contract and assume and assign the Transferred Contracts to Celsius.

I hereby declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: September 15, 2023
Bellevue, Washington

Respectfully submitted,

By: /s/ Adam Sullivan
Adam Sullivan
President and Chief Executive Officer